MARKET CONDUCT EXAMINATION

UNIGARD INSURANCE COMPANY
AND
UNIGARD INDEMNITY COMPANY

15805 N.E. 24TH STREET
BELLEVUE, WA. 98008

June 1, 2001 – May 31, 2002

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The Honorable Mike Kreidler
Washington State Insurance Commissioner
PO Box 40255
Olympia, Washington 98504

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010 and procedures promulgated by the National Association of Insurance Commissioners (NAIC) and the Office of the Insurance Commissioner (OIC), an examination of the market conduct affairs has been performed on the following Companies:

      Unigard Insurance Company, NAIC # 25747
      Unigard Indemnity Company, NAIC # 25798

In this report, the above entities are collectively referred to as "the Companies". This examination is respectfully submitted.

Unigard Insurance Company and Unigard Indemnity Company   3
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CHIEF EXAMINER'S REPORT CERTIFICATION and ACKNOWLEDGEMENTS

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Sally Anne Carpenter, AIE, and Shirley M. Merrill of the Washington State Office of the Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended by the personnel of the Unigard Insurance Company and the Unigard Indemnity Company during the course of this market conduct examination, including Scott Kallander, Eric Spencer, Karen Johnston, Cindy Pavao, the Information Systems support staff and the other Unigard personnel that provided daily support to the examiners.

I certify that the foregoing is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.

_____
Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FORWORD

This examination was completed by applying tests to each examination standard. Each test applied during the examination is stated in this report and the results are reported. Exceptions are noted as part of the comments for the applied test. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

Prior Examination Summary

The prior examination of the Unigard group of Companies was in 1986. The Companies subject to that exam were Unigard Security Insurance Company and Unigard Insurance Company. Because the prior exam occurred so far in the past and covered different companies than this examination, prior findings will not be included as part of this report.

SCOPE

Time Frame

The examination covered the Companies' operations from June 1, 2001 through May 31, 2002. The examination was performed in the Companies' home office in Bellevue, Washington.

Matters Examined

The examination included the following areas:
Advertising
Agent Licensing
Complaints
Rate & Form Filings
Underwriting and Rating
Cancellations and Non-Renewals
Claims Settlement Practices

SAMPLING STANDARDS

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92%	Confidence Level
+/- 5%	Mathematical Tolerance

These are the guidelines prescribed by the National Association of Insurance commissioners in the Market Conduct Examiners Handbook.

Regulatory Standards

Samples are tested for compliance with standards established by the Office of the Insurance Commissioner. The tests applied to sampled data will result in an error ration, which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered as 'met'. The standard in the area of agent licensing and appointment will not be met if any violation is identified. The standard in the area of filed rates and forms will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards which look for the existence of written procedures or a process to be in place, the standard will be met based on the examiner's analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

Standards will be reported as Passed (without comment), Passed with Comment or Failed. The definition of each category follows.

Passed	There were no adverse findings for this standard.
Passed with Comment	The records reviewed fell within the tolerance level for that standard.
Failed	The records reviewed fell outside of the tolerance level established for the standard.

COMPANY HISTORY AND OPERATIONS

The following Companies do business in Washington:

Company Name	Domiciled State	Incorporation Date	Date Admitted to WA
Unigard Insurance Company	WA	09-29-60	10-10-60
Unigard Indemnity Company	WA	11-08-72	08-27-91

The Companies wrote the following personal lines of business during the exam period:

Home Owners	Boat Owners
Dwelling Fire	Personal Inland Marine
Private Passenger Auto	Personal Excess

The Companies wrote the following commercial lines of business during the exam period:

Property	Commercial Auto
Liability	Workers Compensation
Package	Yacht
Farm	

Underwriting, Marketing and Claims functions are combined for both Companies.

Unigard Insurance Company was incorporated as Northwest Security Insurance Company on September 29, 1960 in Washington. The name changed to Unigard Insurance Company on September 14, 1968. The Company is a wholly owned subsidiary of Unigard, Inc, a non-insurance holding company.

The Company is a member of an enterprise known as the Unigard Insurance Group.   Unigard Insurance Group is owned by Winterthur Swiss Group.

Peter K. Christen is the Chairman of the Board, President, and CEO.

Unigard Indemnity Company was incorporated in North Carolina November 8, 1972 as the Unigard Carolina Insurance Company. The present name was adopted April 5, 1977. On June 30, 1994 the company re-domesticated to Bellevue, Washington. All company stock is owned by Unigard Insurance Company.

Unigard Insurance Company and Unigard Indemnity Company are under combined management.
Unigard Pacific Insurance Company was not included in this examination as the company had been given permission to withdraw their filings. In June 2001 the company had 1600 in-force policies. Qualified policies were offered coverage in Unigard Indemnity. No in-force policies existed by the end of January 2002.

The following Operations and Management Standards Passed Without Comment:

#	OPERATONS AND MANAGEMENT STANDARD	REFERENCE
1	The Companies are required to be registered with the Office of the Insurance Commissioner prior to acting as an insurance company in the State of Washington.	RCW 48.05.030(1)
2	The Companies are required to file with the OIC any amendments to the Articles of Incorporation for domestic insurers or insurance holding Companies.	RCW 48.07.070

GENERAL EXAMINATION FINDINGS

The following General Exam Standards Passed without Comment:

#	GENERAL EXAM STANDARD	REFERENCE
1	The Companies made available to the examiners all requested information, and otherwise facilitated the examination in a timely manner.	RCW 48.03.030(1)
3	The Companies maintain full and accurate records and accounts.	RCW 48.05.280
4	The Companies filed an antifraud plan with the Office of the Insurance Commissioner.	RCW 48.30A.045

The following General Exam Standard Failed:

#	GENERAL EXAM STANDARD	REFERENCE
2	The Companies do business in their own legal name.	RCW 48.05.190(1), Bulletin 78-7, Bulletin T 2000-06

General Exam Standard #2:
Details are discussed in the following sections of the report where this standard failed:
> Claims
> Underwriting and Rating.

ADVERTISING

The Companies' advertising file consisted of 26 items:
- Website www.Unigard.com
- 24 brochures
- 1 advertisement published in an industry trade magazine.

The examiners reviewed all documents that were used by the Companies during the exam period to determine compliance with the laws governing advertising.

Findings

The following Advertising Standards Passed Without Comment:

#	ADVERTISING STANDARD	REFERENCE
4	The Companies are required to show the actual financial condition of the Companies as it corresponds with the financial statements published by each company and must include only those assets actually owned and possessed by the company exclusively.	RCW 48.30.070
5	The Companies do not advertise the existence of the Washington Insurance Guaranty Association.	RCW 48.30.075
6	The Companies do not include any statements in their advertising material that would appear to defame the name of other insurers.	RCW 48.30.080
7	The Companies do not misrepresent the terms of their policies in any form during the advertising and solicitation of their products.	RCW 48.30.090
8	The Companies do not offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured any rebate, discount, abatement or reduction of premium or any part of these as an inducement to purchase or renew insurance unless specifically exempted from this statute.	RCW 48.30.140, RCW 48.30.150

The following Advertising Standard Passed With Comment:

#	ADVERTISING STANDARD	REFERENCE
3	The Companies must use their full name and include the location of their home office or principle office in all advertisements.	RCW 48.30.050, Bulletin No.78-7, T2000-06

Advertising Standard #3

The information regarding the full name of the Companies and the location is in the website material; however it was not accessible without going through multiple choices of screens within the website.

Subsequent event: The Companies advised the examiners that the website has been updated. The button "Company information" on the home page takes the viewer directly to a screen that identifies the home office location. The Company further advised that they would discontinue use of the brochures with violations.

The following Advertising Standards Failed:

#	ADVERTISING STANDARD	REFERENCE
1	**The Companies' advertising materials do not contain any false, deceptive or misleading representations.**	**RCW 48.30.040**
2	**The Companies do not use quotations or evaluations from rating services or other sources in a manner that appears to be deceptive to the public.**	**WAC 284-30-660**

Advertising Standard # 1

Eight (8) of 24 brochures (33%) contained comparisons between coverage offered by the Unigard Companies and "Industry Standard" or "Industry". These terms are not explained. They also do not fairly represent a comparison of Unigard's coverage offerings to other Companies that offer policies with enhanced coverage.

See Appendix 1 for details.

Advertising Standard # 2

Four (4) of 24 brochures (17%) contained references to the Companies' A.M. Best ratings without including a complete explanation about how the lettering system used in the rating is structured.

See Appendix 1 for detail.

AGENT ACTIVITIES

The examiners selected 25 agents for review from the 350 new and renewed policies reviewed for the underwriting sample and the list of active agents provided by the Companies. As part of the review, the examiners compared the Companies' agent licensing records with the Office of the Insurance Commissioner's (OIC) records to ensure that agents soliciting business for the Companies were licensed and appointed prior to soliciting business on behalf of the Companies as required by Washington law.

Findings

The following Agent Activity Standard Passed Without Comment:

#	AGENT ACTIVITY STANDARD	REFERENCE
1	**The Companies ensure that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Companies in any way.**	**RCW 48.17.060(1) and (2)**

The following Agent Activity Standard Failed:

#	AGENT ACTIVITY STANDARD	REFERENCE
2	**The Companies require that agents are appointed to represent the Companies prior to allowing them to solicit business on behalf of the Companies.**	**RCW 48.17.160**

Agent Activity Standard #2

One (1) un-appointed agent wrote four (4) policies through Unigard Indemnity Company during a two (2) month time frame. This appeared to be an oversite in failing to renew the agent's appointment.

See Appendix 1 for detail.

COMPLAINTS

The examiners selected 23 complaint files from the company records for review from a population of 95 complaints received between January 1, 2002 and June 30, 2002. All of the complaint files selected were recorded on the OIC complaint data base. The complaints consisted of 16 claims issues and seven (7) underwriting or marketing issues.

Files were reviewed to determine if the Companies responded to complaints within time frames stated in their procedures and those required by Washington law. Files were also reviewed for adverse trends. The complaints reviewed included issues of pricing, underwriting, claims settlements, cancellations, and non-renewals.

The examiners reviewed the Companies' complaint handling procedures. Written complaints are date stamped by the department receiving the complaint and forwarded to the Corporate Secretary's Office. A complaint database is maintained by the Corporate Secretary's Office. An acknowledgement is sent to the complainant or regulator with the information regarding the individual responsible to investigate and respond to the complaint. The complaint is routed to the appropriate department head to respond. A copy of the response is maintained in the Corporate Secretary's files.

The following errors were noted in the files reviewed:
- One (1) file did not have a completed claim investigation within the prescribed timelines of WAC 284-30-370.
- One (1) file contained a response to the OIC that did not identify the insurer as required by RCW 48.05.190(1).
- One (1) file did not have timely response to correspondence related to a PIP claim as required by WAC 284-30-360(1).
- One (1) file was not documented according to the requirements of WAC 284-30-340.
- One (1) file was not rated according to the filing. The insured received a larger claims free discount than outlined in the filing.

- One (1) file was non-renewed. The non-renewal notice did not contain the reasons for the company's action as required in RCW 48.18.292(3)

Findings

The following Complaint Standard Passed With Comment:

#	COMPLAINT STANDARD	REFERENCE
1	**Response to communication from the OIC must be within 15 business days of receipt of the correspondence. The response must contain the substantial information requested in the original communication.**	WAC 284-30-650, WAC 284-30-360(2), Technical Advisory T98-4

Complaint Standard #1

One (1) file contained an inadequate response to the OIC regarding the details of the claim file.

UNDERWRITING AND RATING

The examiners selected the following samples for the underwriting review.

- 125 commercial policies from a population of 8,281 policies that were either new or renewed during the exam period.
- 225 personal lines policies from a population of 102,516 that were newly issued or renewed during the exam period.

Files were reviewed to determine if:

- the Companies follow their filed rating plans
- the Companies follow their underwriting rules consistently
- the Companies were in compliance with Washington laws.

The examiners manually rated policies to determine if there were any programmed errors in the Companies' computer system and if the Companies were using their filed and approved rates. The examiners also reviewed the Companies' use of credit scoring. The personal auto filing using credit scoring became effective March 1, 2002. The personal homeowners filing using credit scoring became effective March 25, 2002.

Personal Lines

The following errors were identified and referred to the Companies for correction:
- One (1) policy was incorrectly identified as the primary instead of the secondary residence. $43 overcharged premium was returned to the insured.
- One (1) policy did not contain a wood stove questionnaire. The underwriting guidelines indicated that the insured was required to complete one if they had a woodstove. The

company indicated that it was no longer being required, but had not been corrected in their underwriting rules.

- The method described in the rate filing for rating boats with multiple motors contained ambiguities. The Companies agreed to file a clarification of the rating steps, and provided documentation that a filing had been made during the exam to correct the problem.
- One (1) policy was not rated in the correct protection class, resulting in an undercharge to the insured.
- The method for the application of factors to determine premium on UniMate policies contained ambiguities. The Companies stated that this would be corrected in the new auto filing that was being prepared for submission.
- The Companies were not consistently pursuing information from agents or insureds for underwriting documentation such as confirmation of teaching employment which might entitle the insured to credits.
- $144 was returned to the insured because package and deductible credit were not applied, and the workplace credit was not applied

Commercial Lines

The following errors were identified and referred to the Companies for correction:
- One (1) policy contained an error in manually calculated premium because the underwriter transposed numbers. The company refunded $27 in overcharged premium.
- One (1) policy contained evidence that $111 in premium was waived for one policy term due to rating errors.
- One (1) policy did not reflect the Uninsured Motorist coverage that the insured requested. The policy was endorsed to correct the error.
- One (1) policy had PIP coverage, however the insured was not charged the premium for the coverage. The company will correct the policy at renewal.
- One (1) policy failed to identify a coverage endorsement in the forms on the policy. This was corrected by endorsement.
- One (1) policy had one (1) form attached to the policy prior to the approval of the form for this type of policy package.

Findings

The following Underwriting Standards Passed Without Comment:

#	UNDERWRITING & RATING STANDARD	REFERENCE
1	Binders issued to temporarily secure coverage are valid until the policy is issued or ninety days, whichever is shorter and shall identify the company providing the coverage and effective dates.	RCW 48.18.230(1), WAC 284-30-560
2	The Companies require an insured to reject, in writing, underinsured motorist coverage or Personal Injury Protection coverage.	RCW 48.22.030(4), RCW 48.22.085(2)
3	During underwriting, the Companies use only the	RCW 46.52.130,

#	UNDERWRITING & RATING STANDARD	REFERENCE
	personal driving record for personal insurance and only the commercial motor vehicle employment driving record for commercial insurance.	RCW 48.30.310, Bulletin 79-3
5	The Companies retain all documentation related to the development and use of (a) rates.	WAC 284-24-070
6	The Companies may not rely solely on the decision of another insurer's denial, cancellation, or non-renewal of insurance to support a denial or termination of coverage.	WAC 284-30-574
7	Binders must identify the insurer in which they are bound.	WAC 284-30-560(2)(a)

The following Underwriting Standard Failed:

#	UNDERWRITING & RATING STANDARD	REFERENCE
4	The Companies apply schedule rating plans to all policies as applicable in their filing.	WAC 284-24-100

Underwriting Standard # 4

Eight (8) commercial policies (6%) contained violations because there was no documentation to support the underwriter's decision to apply schedule rating debits or credits.

See Appendix 2 for detail.

The following General Examination Standard Failed:

#	GENERAL EXAMINATION STANDARD	REFERENCE
2	The Companies conduct their business in their own legal name.	RCW48.05.190(1), Bulletin 78-7, Bulletin T 2000-06

General Examination Standard #2

- Two (2) policies contained Certificates of Insurance that used the generic Unigard Insurance Group to identify the insurer.
- One (1) policy contained a letter that referenced the insurer as Unigard Insurance Group.

See Appendix 6 for detail.

RATE AND FORM FILINGS

The examiners selected 12 forms from the forms that were attached to the 350 new and renewal policies used in the Underwriting sample for the rate and form filings review.

The purpose of this sample was to determine if the Companies were complying with the laws regarding the filing and use of rates and forms.

Findings

The following Rate and Form Filing Standards Passed Without Comment:

#	POLICY PROVISION STANDARD	REFERENCE
3	**The declarations page of a policy must identify all forms that make up the policy. The policy will identify all coverage limits.**	**RCW 48.18.140(2)(f)**
4	**The policy must contain all endorsements and forms.**	**RCW 48.18.190**
5	**Policy forms for commercial policies are filed within 30 days of use.**	**RCW 48.18.103(2)**
6	**Personal Injury Protections forms issued by the Companies contain coverage definitions and limits that conform to Washington law.**	**RCW48.22.095 RCW 48.22.005**

The following Rate and Form Filing Standards Failed:

#	POLICY PROVISION STANDARD	REFERENCE
1	**Policy forms and applications, where required, have been filed with and approved by the OIC prior to use.**	**RCW 48.18.100, RCW 48.18.103**
2	**Where required, the Companies have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, does not issue any policies that are not in accord with the filing in effect.**	**RCW 48.19.040**

Rate and Form Filing Standard #1

Personal lines

> Three (3) forms were not filed and approved for use. The examiners found that the Companies were sending the forms identified below to the policyholders. In order to prove that they had been sent to the policyholder the Companies were identifying the forms in the list of forms that make up the policy on the declarations (dec) page. The forms are intended to relay information to the policy holder and are not designed to become endorsements under the policy.
> - Form number 153140 Ed. 04-01 (Auto) Notice to Policyholder. Information related to the Fair Credit Reporting Act.   30,895 policies listed this form on the dec. page.
> - Form number 153141 Ed. 04-01 (Home) Notice to Policyholder. Information related to the Fair Credit Reporting Act. 42,211 policies listed this form on the dec. page.
> - Form number UN0002 Ed. 10-01 Federal Privacy Notice. 93,044 policies listed this form on the dec. page.

Subsequent event: The Companies filed the forms with the OIC while the examiners were still on site although they disagreed that it was necessary to file the forms.

See Appendix 3 for detail.

Commercial lines

719 policies had form #CM0107 attached. This form was not supposed to be on the Business Owner Policies.

1,138 policies did not have required form # BP0460 attached to the Business Owner Policies.

Subsequent Event: The Companies had corrected the programming related to form CP0107 prior to the examiners findings.   The Companies corrected the programming to automatically attach form CP0460 effective October 1, 2002.

See Appendix 3 for detail.

Rate and Form Filing Standard #2
The examiners used the sample for Underwriting to review compliance to Rate and Form Filings Standard # 2. The examiners finding are listed below.

Personal Lines

3,470 policies were not rated according to the Companies' filings for various personal lines between January 1, 1999 and December 2002.   These policies were written for company employees. They were given a 10% discount because the Companies were not paying agent commission on these policies.

16 files (7%) of the files were in violation for one of the following reasons.

- The Protection Classes were not updated or policies were rated in the wrong territory on eight (8) policies.
- Two (2) policies were rated incorrectly. One (1) policy was not given smoke alarm credits because the application was incomplete. The agent had not supplied information on smoke alarms on a new home. $40 was returned to the insured. The other policy covered two locations. When one location was deleted, the Companies continued to charge the insured for liability coverage on both. $378 was returned to the insured.
- The Companies did not apply the filed underwriting rules to six (6) policies or applications for policies. The examiners found that the rules during the exam period state that all homes 30 years or older must have documentation that the heating, wiring, plumbing & roof were updated and a picture of the home supplied. In some cases, the Companies considered not accepting a risk or non-renewing the risk unless all or some of these are updated or if a picture of the home wasn't received in time to do a renewal. The Companies also required a woodstove questionnaire to be completed. This requirement was not being required consistently. Questions regarding animals were not being asked consistently.

The Companies told the examiners that they plan to revise its rules to eliminate the heating & plumbing as a requirement for homes 30 years or more, and drop the woodstove questionnaire requirement.   As of the exam date, the Companies did not submit a revised filing.

See Appendix 3 for detail.

Commercial Lines

1,835 policies were rated using outdated WSRB (Washington Survey and Rating Bureau) rates because the Companies did not complete a filing to waive the adoption of the rates that became effective November 1, 2001. The Companies provided documentation that their intent was to file paperwork to waive the adoption of the rates. Due to an administrative error it was never filed.   The Companies had no follow-up procedure in their filing process to ensure that responses were received for their filings.

Subsequent event: The Companies submitted a filing October 3, 2002. Included as part of the filing was a request for approval to waive the requirement to adopt the November 1, 2001 WSRB rates.

978 Business owners policies were rated with modifiers to premium that were not in the rate filing effective 9-15-01.

Subsequent event: The Companies advised that it was their intent to apply the modifiers as they were in the 978 policies and filed an amended filing January 10, 2003.

Twelve (12) files (5%) were in violation for failing to follow their filed rules or rates.

See Appendix 3 for detail.

CANCELLATIONS AND NON-RENEWALS

The examiners reviewed files to determine if the Companies were in compliance with state laws governing cancellations and non-renewals. The examiners selected a sample of 75 policies from a population of 2,164 commercial and 145 policies from a population of 21,003 personal lines policies. The policies in the sample were either cancelled or non-renewed during the exam period. The examiners also reviewed 20 policies written through terminated agents that were cancelled or non–renewed during the exam period and 23 applications that the company declined to write.

Findings

The following Cancellation and Non-renewal Standards Passed Without Comment:

#	CANCELLATION & NON-RENEWAL STANDARDS	REFERENCE
1	**The Companies do not cancel or refuse to renew policies because the agent is no longer affiliated with the company.**	**RCW 48.17.591**

The following Cancellation & Non-Renewal Standard Failed:

#	CANCELLATION & NON-RENEWAL STANDARDS	REFERENCE
2	**The Companies send offers to renew or cancellation or non-renewal notices according to the requirements prior to policy termination.**	**RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292**
3	**The Companies include the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured.**	**WAC 284-30-570**

Cancellation & Non-Renewal Standard #2

Seven (7) personal lines policies (5%) were non-renewed by Unigard Insurance Company because the insureds no longer met the underwriting standards for the preferred company. The policies were re-written in Unigard Indemnity Company. The insured was never sent a non-renewal notice as required in RCW 48.18.292(3).

See Appendix 4 for detail.

Subsequent event: The Companies advised that procedures had been modified while the examiners were on site to ensure notification to the insured in compliance with RCW 48.18.292(3).

Cancellation & Non-Renewal Standard #3

- Twenty two (22) commercial policies (29%) contained cancellation or non-renewal notices that did not contain sufficient information for the insured to understand the Companies' decision, or did not reveal the actual reason for the Companies' action.
- Two (2) personal lines policies (<1%) contained cancellation or non-renewal notices that did not contain sufficient information for the insured to understand the Companies' decision, or did not reveal the actual reason for the Companies' action.

See Appendix 4 for detail.

CLAIM SETTLEMENT PRACTICES

The examiners selected 200 claim files for review from a population of 22,541 commercial and personal lines claims closed during the examination period, and 35 claims with first party total loss automobile claims from a population of 1,488 total collision and theft claims.

Files were reviewed for:

- Compliance with Washington law
- Timeliness of contact with claimants
- Promptness of payments
- Explanation of coverage applicable
- Procedures for establishing actual cash value of total loss vehicles
- Documentation of claim files

The claims are handled in the regional claims office in Bellevue, Washington. The following errors were returned to claims management for review:

- One (1) file overlooked the payment of the pro-rated license fee in the total loss settlement. $1.92 additional payment was made to the insured.
- One (1) file contained an error in the calculation of the total loss settlement. An additional payment of $160.05 was made to the insured.
- One (1) file was not processed according to Unigard procedures for establishing replacement cost and payment of a homeowner's claim. An additional payment of $1,094.24 was made to the insured.
- One (1) file contained an error because the title for a total loss vehicle was not sent to the Department of Licensing.
- One (1) PIP form letter did not contain all the reasons that the Company could terminate, deny or limit PIP benefits as required in WAC 284-30-395. The Companies revised the template while the examiners were on site.

Findings

The following Claims Standards Passed Without Comment:

#	CLAIM STANDARD	REFERENCE
3	**The Companies provided an explanation of all pertinent coverage to first party claimants.**	WAC 284-30-350
9	**The Companies surrender titles for total loss vehicles to the Department of Licensing or provide other authorized documentation as required.**	RCW 46.12.070, WAC 308-56A-460

The following Claims Standards Passed With Comment:

#	CLAIM STANDARD	REFERENCE
2	**The Companies claim files contain detailed log notes and work papers so as to allow the examiners to reconstruct the claim file.**	**WAC 284-30-340**
4	**The Companies acknowledge receipt of a claim within 10 days, and respond to all communications on a claim file within the time frames prescribed.**	**WAC 284-30-360(1) and (3)**
5	**The Companies comply with requirement for prompt investigation of claims.**	**WAC 284-30-370**
6	**The Companies must accept or deny coverage within 15 days after receiving proof of claim.**	**WAC 284-30-380**
7	**The Companies settle automobile claims in accordance with standards established for prompt, fair and equitable claim settlements.**	**WAC 284-30-390**
8	**The Companies comply with the regulation regarding notification of PIP benefits, limitations, termination, or denial of benefits.**	**WAC 284-30-395**

Claims Standard # 2

Six (6) files (3%) did not contain sufficient log notes or work papers to determine pertinent events or the dates of those events.

Claims Standard # 4

Three (3) files (2%) did not meet the standards for contact or response to communication within the prescribed time frames.

Claims Standard #5

Four (4) files (2%) contained evidence of unnecessary delays in completing the investigation.

Claim Standard # 6

One (1) file (<1%) indicated that coverage was going to be denied. The denial of coverage letter was not sent until 3 months after the determination of coverage.

Claim Standard # 7

Three (3) files (2%) did not contain documentation that applicable taxes, or prorated license fees or transfer fees had been included in the total loss settlement. A total of $330.74 was sent three (3) insureds.

Five (5) files (3%) contained evidence that the Companies used information supplied by a vendor to settle total losses. Included in the vendor's evaluation were vehicles that were outside the local market area or were not the same make and model as the insureds vehicle.

Claim Standard #8

One (1) file (<1%) contained a PIP benefits letter that did not contain the information required by statute regarding the reasons the Companies may terminate, limit or deny benefits.

One (1) file (<1%) contained a denial of benefits that was not based on the reasons allowed by the statute.

The following Claim Standard Failed:

#	CLAIM STANDARD	REFERENCE
1	**The Companies settle claims in a manner that is not in conflict with any section of the Unfair Claims Settlement Act.**	WAC 284-30-330

Claim Standard #1 WAC 284-30-330(9)

Fifty nine (59) files (29%) contained payments to first party claimants that did not identify the coverage under which the payment was made.

Subsequent event: *The Companies' general counsel sent a memorandum to all claims personnel while the examiners were on site, with a change of procedure to include the coverage information in the payment description on the check.*

See Appendix 5 for detail.

The following General Exam Standard Failed:

#	GENERAL EXAM STANDARD	REFERENCE
2	**The Companies do business in their own legal name.**	RCW 48.05.190(1), Bulletin 78-7, Bulletin T 2000-06

General Exam Standard #2

Twenty four (24) files (12%) contained letters that were done on generic Unigard Group letterhead, or contained releases or medical authorization forms that identified the wrong insurer.

See Appendix 6 for detail.

SUMMARY OF STANDARDS

General Examination Standards:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies made available to the examiners all requested information in a timely manner. (RCW 48.03.030(1)) and WAC 284-30-650)	8	X	
2	The Companies conduct their business in their own legal name. (RCW 48.05.190(1), Bulletin 78-7, Bulletin T 2000-06).	8		X
3	The Companies maintain full and accurate records of the policy records. (RCW 48.05.280)	8	X	
4	The Companies filed an antifraud plan with the Office of the Insurance Commissioner (RCW 48.30A.045)	8	X	

Company Operations and Management:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies are required to be registered with the Office of the Insurance Commissioner prior to acting as an insurance company in the State of Washington. (RCW 48.05.030(1))	7	X	
2	The Companies are required to file with the OIC any changes to Articles of Incorporation, or amendments for domestic Companies. (RCW 48.07.070)	8	X	

Advertising:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies' advertising materials do not contain any false, deceptive or misleading representations. (RCW 48.30.040)	10		X
2	The Companies do not use quotations or evaluations from rating services, advisory services or other sources in a manner that appears to be deceptive to the public. (WAC 284-30-660)	10		X
3	The Companies must use their full name and include the location of their home office or principle office in all advertisements. (RCW 48.30.050)	9	X	
4	The Companies are required to show the actual financial condition of the Company as corresponds with the financial statements published by the Company and must include only those assets actually owned and possessed by the Company exclusively. (RCW 48.30.070)	9	X	
5	The Companies do not advertise the existence of the Washington Insurance Guaranty Association. (RCW 48.30.075)	9	X	

#	STANDARD	PAGE	PASS	FAIL
6	The Companies do not include any statements in their advertising material that would appear to defame the name of other insurers. (RCW 48.30.080)	9	X	
7	The Companies do not misrepresent the terms of their policies in any form during the advertising and solicitation of their products. (RCW 48.30.090)	9	X	
8	The Companies do not offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured any rebate, discount, abatement or reduction of premium or any part of these as an inducement to purchase or renew insurance unless specifically exempted from this statute. (RCW 48.30.140, RCW 48.30.150)	9	X	

Agent Activity:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies ensure that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Companies in any way. (RCW 48.17.060(1) and (2))	10	X	
2	The Companies require that agents are appointed to represent the Companies prior to allowing them to solicit business on behalf of the Companies. (RCW 48.17.160)	11		X

Complaints:

#	STANDARD	PAGE	PASS	FAIL
1	Response to communication from the OIC must be within 15 business days of receipt of the correspondence. The response must contain the substantial information requested in the original communication. (WAC 284-30-650, WAC 284-30-360(2), Technical Advisory T98-4)	12	X	

Underwriting and Rating:

#	STANDARD	PAGE	PASS	FAIL
1	Binders issued to temporarily secure coverage during underwriting are valid until the policy is issued or ninety days, whichever is shorter. (RCW 48.18.230(1))	13	X	
2	The Companies require an insured to reject, in writing, underinsured motorist coverage. (RCW 48.22.030(4))	13	X	

#	STANDARD	PAGE	PASS	FAIL
3	During underwriting, the Companies obtain and use only the personal driving record for personal insurance and only the employment driving record for commercial insurance. (RCW 48.30.310, RCW 46.52.130, Bulletin 79-3)	14	X	
4	The Companies apply schedule rating plans to all policies as applicable. (WAC 284-24-100)	14		X
5	The Companies retain all documentation related to the development and use of (a) rates. (WAC 284-24-070)	14	X	
6	The Companies may not rely solely on the decision of another insurer's denial, cancellation, or non-renewal of insurance to support a denial or termination of coverage. (WAC 284-30-574)	14	X	
7	Binders must identify the insurer in which they are bound (WAC 284-30-560(2)(a)	14	X	

Rate and Form Filings:

#	STANDARD	PAGE	PASS	FAIL
1	Policy forms and applications, where required, have been filed with and approved by the OIC prior to use. (RCW 48.18.100)	15		X
2	Where required, the Companies have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, does not issue any policies that are not in accord with the filing in effect. (RCW 48.19.040)	15		X
3	The declarations page of a policy will identify all forms that make up the policy. The policy will identify all coverage limits. (RCW 48.18.140)	15	X	
4	Policy must contain all endorsements and forms. (RCW 48.18.190)	15	X	
5	Policy forms for commercial policies are filed within 30 days of use. (RCW 48.18.103(2)	15	X	
6	Personal Injury Protections forms issued by the Companies contain coverage definitions and limits that conform to Washington law. (RCW 48.22.095)	15	X	

Cancellations and Non-Renewals:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies do not cancel or refuse to renew policies because the agent is no longer affiliated with the company. (RCW 48.17.591)	18	X	

#	STANDARD	PAGE	PASS	FAIL
2	The Companies send offers to renew or cancellation or non-renewal notices within the prescribed time frames. (RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292)	18		X
3	The Companies include the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured. (WAC 284-30-570)	18		X

Claims:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies settle claims in a manner which is not in conflict with any section of the Unfair Claims Settlement Practices set forth in Washington regulations. (WAC 284-30-330)	21		X
2	The Companies' claim files contain detailed log notes and work papers that allow reconstruction of the claim file. (WAC 284-30-340)	20	X	
3	The Companies' claim files shall contain documentation that all pertinent benefits and coverage were disclosed to the first party claimants. (WAC 284-30-350)	19	X	
4	The Companies acknowledge all communications on a claim within the time frames prescribed in Washington administrative code. (WAC 284-30-360)	20	X	
5	The Companies comply with requirements for prompt investigation of claims (WAC 284-30-370)	20	X	
6	The Companies settle or deny any first party claim after receipt of documentation of the claim within 15 days. (WAC 284-30-380)	20	X	
7	The Companies settle auto claims in a prompt, fair, and equitable manner. (WAC 284-30-390)	20	X	
8	The Companies comply with regulations concerning personal injury protection (PIP) coverage. (WAC 284-30-395)	20	X	
9	The Companies properly send vehicle titles or other accepted documentation to the Department of Licensing for destruction. (RCW 46.12.070) (WAC 308-56A-460)	19	X	

INSTRUCTIONS AND RECOMMENDATIONS

INSTRUCTIONS

1. The Companies are instructed to establish procedures that ensure compliance with RCW 48.05.190(1) and that all policy documents and correspondence correctly identify the legal name of the insuring company. (Pages 8, 14, 21)

2. The Companies are instructed to comply with RCW 48.30.040 to ensure that their advertising does not contain any false, misleading, or deceptive representations. (Page 10)

3. The Companies are instructed to comply with WAC 284-30-660 and establish procedures to ensure quotations or evaluations from rating services, advisory services, or other sources that are included in advertising are supported with explanations of how the rating structure works. (Page 10)

4. The Companies are instructed to establish procedures to ensure that every commercial policy eligible for schedule rating is included, and that documentation supports compliance with WAC 284-24-100. (Page 14)

5. The Companies are instructed to comply with RCW 48.19.040(6) to ensure that all policies are written according to the filed underwriting rules and rates manuals. (Page 15)

6. The Companies are instructed to comply with RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, and RCW 48.18.292 and send offers to renew, cancel, or non-renew according to the statutes. (Page 18)

7. The Companies are instructed to comply with WAC 284-30-570 when providing their reasons for canceling, denying, or refusing to renew policies. (Page 18)

8. The Companies are instructed to comply with WAC 284-30-330(9) to ensure that the coverage under which claims are paid is disclosed to first party claimants, either on the check, or under separate cover. (Page 21)

RECOMMENDATIONS

1. It is recommended that the Companies identify the name of the specific Companies and locations either on the home page or in a specific section in the web pages. (Page 9)

2. It is recommended that the Companies provide total loss evaluation training to their claims handlers related to the data supplied by vendors. (Page 20)

APPENDIX 1

RCW 48.17.160 Agent Activity Standard #2	Agents must be appointed by the company prior to soliciting business for the company.
Agent #	**Policy number**
14389	CW63312 Agent not appointed at the time the policy was written.
14389	MH425158 Agent not appointed at the time the policy was written.
14389	10035471 Agent not appointed at the time the policy was written.
14389	10037032 Agent not appointed at the time the policy was written.

WAC 284-30-660 Advertising Standard #2	The Companies do not use quotations or evaluations from rating services, advisory services or other sources in a manner that appears to be deceptive to the public.
Form #	**Comment**
153175WA-Or 4-01 Rev 5-01	A.M. Best references not explained as described in WAC 284-30-660.
151207 WA ID Rev 10-00	A.M. Best references not explained as described in WAC 284-30-660.
152211 Rev 3-01	A.M. Best references not explained as described in WAC 284-30-660.
151280 WA, AZ …Rev 9-00	A.M. Best references not explained as described in WAC 284-30-660.
148055 Ed 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
148046 Ed 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
152490 Ed 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
152685 Ed 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
152695 Ed 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
148050 Ed 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
148045 Ed. 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.
148060 Ed. 1-99	Advertising contained coverage comparisons between Unigard policies and "Industry Standard" or "Industry" There is no explanation of these terms.

APPENDIX 2

WAC 284-24-100 Underwriting and Rating Standard #4	A schedule rating plan must be applied fairly to all eligible risks an insurer elects to insure. Records supporting the development of the individual risk modifications shall be retained by the insurer and be made available for the insurance commissioner's examination.	Premium returned to the insured
Policy Number	**Comment**	
PX808575	The Companies were not able to provide the documentation to support the debits applied.	$1771
BA616987	The Companies were not able to provide the documentation to support the debits applied.	$4,215
BA618217	The Companies were not able to provide the documentation to support the debits applied.	$21
CU008286	The Companies were not able to provide the documentation to support the debits applied.	$298
FO604936	The Companies were not able to provide the documentation to support the debits applied.	$285
FO604402	The Companies were not able to provide the documentation to support the debits applied.	$1,480
CM0039974	The Companies were not able to provide the documentation to support the debits applied.	$455
CM005846	The Companies were not able to provide the documentation to support the credits applied, resulting in an undercharge.	

APPENDIX 3

RCW 48.18.100, RCW 48.18.103 Rate & Form Standard #1	Policy forms and applications, where required, have been filed and approved by the OIC prior to use.
Form Number	**Findings**
Form number 153140 Ed. 04-01 (Auto) Notice to Policyholder	Information related to the Fair Credit Reporting Act. 30,895 policies listed this form on the declarations page.
Form number 153141 Ed. 04-01 (Home) Notice to Policyholder.	Information related to the Fair Credit Reporting Act. 42,211 policies listed this form on the declarations page.
Form number UN0002 Ed. 10-01	Federal Privacy Notice. 93,044 policies listed this form on the declarations page.
Form #CM0107 attached	719 policies were issued with a form that was not supposed to be on the Business Owner Policies.
Form # BP0460	1,138 policies did not have required form attached to the Business Owner Policies.

RCW 48.19.040 (6) Rate & Form Standard #2	Where a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect.	Premium returned to insured.
Personal Lines		
Policy Number	**Comments**	
various	3,470 policies were given a 10% discount (employees of the Companies) as there was no agent commission involved. This is not in their filings.	
UH163929	The policy was rated in an incorrect territory which resulted in the insured being overcharged.	$35
20008062	The policy was rated in the wrong territory and without the credit score factor, which resulted in the insured being overcharged.	$61
CW656613	The policy was rated in the wrong protection class which resulted in the insured being overcharged.	$121
UH161187	The protection class was not verified when the policy was renewed. The protection class had changed.	$31
CW655590	The protection class was not verified when the policy was issued. The result was undercharging the insured and will be corrected at the next renewal.	
CW658448	Woodstove form #136200 was not completed. The company failed to follow their underwriting rules and require this documentation.	

Policy Number	Comments	Premium Returned
UH164900	Documentation that the heating, plumbing, wiring & roof had been updated was not received. The company failed to follow its underwriting rules as it did not obtain the information before writing or renewing the policy.	
UH96874	Company did not update protection class when the policy was renewed. The rates were unaffected.	
UH166811	The application was incomplete. The agent didn't ask for smoke alarm credits so none were given. The examiner questioned this because the home was new. The company determined that alarm credits should have been applied. The company was instructed to correct the policy from inception.	$40
CW657839	Documentation that the heating, plumbing, wiring & roof had been updated was not received. The company failed to follow its underwriting rules as it did not obtain the information before writing or renewing the policy.	
CW658275	Documentation that the heating, plumbing, wiring & roof had been updated was not received. The company failed to follow its underwriting rules as it did not obtain the information before writing or renewing the policy.	
DW239602	One of two locations was deleted from the policy. The company stopped the charge for the property coverage. However the company failed to also remove the charge for the premises liability and continued charging.	$378
UH167202	Information regarding animals was not obtained as required by the Companies underwriting rules.	
DW226721	Company did not verify protection class when the policy was issued. The insured has been undercharged. The policy will be corrected at the next renewal.	
DW257822	Company did not verify protection class when the policy was issued. The insured has been undercharged. The policy will be corrected at the next renewal.	
DW231556	Company rated policy in an incorrect territory for six policy terms and overcharged their insured.	$198
Commercial Lines		
Policy Number	**Comments**	**Premium Returned**
various	1,835 policies were rated on outdated WSRB rates. The company failed to apply to waive the application of the newest rates.	
various	978 business owners policies were issued with rate modifiers applied to coverages other than those identified in the filing.	
PX806588	Company failed to follow rating instructions/rules.	$34

Policy Number	Comments	Premium Returned
BO603418	The company incorrectly applied a discount the insured was not entitled to. The result was undercharging the insured, and it will be corrected on the next renewal.	
BO602101	A discount was not applied to the policy the insured was eligible for.	$20
CM004622	The policy charge was rated incorrectly, resulting in the insured being over charged.	$49
CU008323	An inappropriate premium was applied and the insured was over charged.	$100
BO603886	The company incorrectly applied a discount the insured was not entitled to. The result was undercharging the insured, and it will be corrected on the next renewal.	
CU008291	An inappropriate premium was applied and the insured was over charged.	$700
CM005846	A claims free discount was applied to an ineligible policy	
BO600666	The company applied a credit to the policy when it actually should have been a debit. This resulting in undercharging the insured.	
PX808575	Incorrect Washington Surveying & Rating Bureau rates for property coverages were applied, resulting in overcharging the insured.	$2026
BO604197	A discount was not applied to the policy the insured was eligible for. This was claim free credits.	$15
BO603886	Rate modifiers, debits and credits were incorrectly applied which resulted in overall undercharging the insured and will be corrected on the next renewal.	

APPENDIX 4

RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292 Cancellation & Non Renewal Standard #2	**The Companies send offers to renew or cancellation or non-renewal notices according to the requirements prior to policy termination.**

Personal Lines	
Policy Number	**Comment**
AW221938	Insured no longer qualified for the Unigard Insurance Company. Company re-wrote the policy in Unigard Indemnity without notifying the insured that the Unigard Insurance Company policy would be cancelled, and offering to write the coverage in the non-preferred company.
UA098040	Insured no longer qualified for the Unigard Insurance Company. Company re-wrote the policy in Unigard Indemnity without notifying the insured that the Unigard Insurance Company policy would be cancelled, and offering to write the coverage in the non-preferred company.
AW223044	Insured no longer qualified for the Unigard Insurance Company. Company re-wrote the policy in Unigard Indemnity without notifying the insured that the Unigard Insurance Company policy would be cancelled, and offering to write the coverage in the non-preferred company.
AW204082	Insured no longer qualified for the Unigard Insurance Company. Company re-wrote the policy in Unigard Indemnity without notifying the insured that the Unigard Insurance Company policy would be cancelled, and offering to write the coverage in the non-preferred company.
AW193061	Insured no longer qualified for the Unigard Insurance Company. Company re-wrote the policy in Unigard Indemnity without notifying the insured that the Unigard Insurance Company policy would be cancelled, and offering to write the coverage in the non-preferred company.
10042708	Insured no longer qualified for the Unigard Insurance Company. Company re-wrote the policy in Unigard Indemnity without notifying the insured that the Unigard Insurance Company policy would be cancelled, and offering to write the coverage in the non-preferred company.

WAC 284-30-570 Cancellation & Non-Renewal Standard #3	Requires insurers to give true and actual reason for action in clear and simple language, so that the insured or applicant will not need to resort to additional research to understand the reason for the action.
Commercial Lines	
Policy Number	**Reason Given for Cancellation or Non-Renewal**
BO529096	"Risk is no longer eligible for businessowners program."
BO531459	"The insured is no longer eligible for the businessowners policy."
BO531612	"The insured is no longer eligible for the businessowners policy."
FO610944	"Loss Frequency"
FO606503	"Loss Frequency"
CM004594	"Does not meet underwriting standards as professional liability coverage not carried."
CU003635	"Loss History"
RC001914	"Unigard is no longer a market for this class of business."
CU009014	"Due to non-renewed underlying policy number CM001466."
BO525150	This risk is no longer eligible for Unigard's businessowner program but may still qualify under one of Unigard's other program. Please contact your agent should you have any further questions.
FO604054	"Loss Activity"
CM003975	"Loss Frequency"
FO603888	"Loss Frequency"
FO603255	"No longer qualifies for Unigard Farm Policy"
FO608761	"Loss History"
MF001867	"No longer qualifies for Unigard Farm Policy"
FL200803	"No longer qualifies for Unigard Farm Policy"
FO610675	"Loss History and No longer qualifies for Unigard Farm Policy"
FO603649	"Loss History and Increased Hazard on Farm Property"
FO608954	"No longer qualifies for Unigard Farm Policy"
FF000823	"No longer qualifies for Unigard Farm Policy"
BO521257	"This class of business (Office NOC) is no longer an eligible operation under Unigard's for businessowners program."
Personal Lines	
Policy Number	**Reason Given for Cancellation or Non-Renewal**
AW159927	The insured was not given all of the reasons that went into non-renewing the policy. The notice stated "Your policy will not be renewed due to the accident of 11-29-00." There was an additional reason identified in the underwriters notes, a policyholder's health issue, that the company failed to include in the notice.
UH51135	The agent notified the company that the house was unoccupied and all the personal property had been removed. The cancellation notice said the reason was the insured is deceased. There was nothing in the notice that discussed the underwriter's decision based on the agent's information.

APPENDIX 5

WAC 284-30-330(9) Claims Standard #1	Coverage under which payment was made was not identified.
Claim number	**Comment**
2848154	Check or checks did not identify coverage under which the payment was made.
2765395	Check or checks did not identify coverage under which the payment was made.
3002498	Check or checks did not identify coverage under which the payment was made.
2942462	Check or checks did not identify coverage under which the payment was made.
2918316	Check or checks did not identify coverage under which the payment was made.
2834983	Check or checks did not identify coverage under which the payment was made.
2992868	Check or checks did not identify coverage under which the payment was made.
2744854	Check or checks did not identify coverage under which the payment was made.
2744468	Check or checks did not identify coverage under which the payment was made.
7246190	Check or checks did not identify coverage under which the payment was made.
2760854	Check or checks did not identify coverage under which the payment was made.
2789437	Check or checks did not identify coverage under which the payment was made.
2802560	Check or checks did not identify coverage under which the payment was made.
2863211	Check or checks did not identify coverage under which the payment was made.
2937694	Check or checks did not identify coverage under which the payment was made.
2901331	Check or checks did not identify coverage under which the payment was made.
0425536	Check or checks did not identify coverage under which the payment was made.
2981583	Check or checks did not identify coverage under which the payment was made.
2929774	Check or checks did not identify coverage under which the payment was made.
2925754	Check or checks did not identify coverage under which the payment was made.
2869333	Check or checks did not identify coverage under which the payment was made.
2752973	Check or checks did not identify coverage under which the payment was made.
2495142	Check or checks did not identify coverage under which the payment was made.
2917320	Check or checks did not identify coverage under which the payment was made.
3134985	Check or checks did not identify coverage under which the payment was made.
3002646	Check or checks did not identify coverage under which the payment was made.
2888606	Check or checks did not identify coverage under which the payment was made.
XB27884	Check or checks did not identify coverage under which the payment was made.
3024453	Check or checks did not identify coverage under which the payment was made.
3031374	Check or checks did not identify coverage under which the payment was made.
2987945	Check or checks did not identify coverage under which the payment was made.
3105612	Check or checks did not identify coverage under which the payment was made.
2531567	Check or checks did not identify coverage under which the payment was made.
3001288	Check or checks did not identify coverage under which the payment was made.
2903671	Check or checks did not identify coverage under which the payment was made.
2661554	Check or checks did not identify coverage under which the payment was made.
3002498	Check or checks did not identify coverage under which the payment was made.

2896618	Check or checks did not identify coverage under which the payment was made.
3010498	Check or checks did not identify coverage under which the payment was made.
3096877	Check or checks did not identify coverage under which the payment was made.
2973333	Check or checks did not identify coverage under which the payment was made.
2796361	Check or checks did not identify coverage under which the payment was made.
2811078	Check or checks did not identify coverage under which the payment was made.
2811568	Check or checks did not identify coverage under which the payment was made.
3044354	Check or checks did not identify coverage under which the payment was made.
3164224	Check or checks did not identify coverage under which the payment was made.
3031374	Check or checks did not identify coverage under which the payment was made.
2911712	Check or checks did not identify coverage under which the payment was made.
2785881	Check or checks did not identify coverage under which the payment was made.
2767844	Check or checks did not identify coverage under which the payment was made.
2918316	Check or checks did not identify coverage under which the payment was made.
2917611	Check or checks did not identify coverage under which the payment was made.
2969086	Check or checks did not identify coverage under which the payment was made.
2718553	Check or checks did not identify coverage under which the payment was made.
3286565	Check or checks did not identify coverage under which the payment was made.
3279775	Check or checks did not identify coverage under which the payment was made.
3286381	Check or checks did not identify coverage under which the payment was made.
3283690	Check or checks did not identify coverage under which the payment was made.
3235858	Check or checks did not identify coverage under which the payment was made.

WAC 284-30-340 Claims Standard # 2	Claim files must contain log notes and work papers in such detail that pertinent events and the dates of the events can be reconstructed.
Claim number	Comments
2969923	Log notes are incomplete. No documentation of settlement offer.
2821777	Log notes are incomplete. No documentation of settlement offer.
2896580	Log notes were not updated at closing
2911712	Log notes are incomplete.
2796361	Log notes are incomplete.
3010498	Log notes are incomplete.

WAC 284-30-360(1)-(4) Claims Standard # 4	Responses to correspondence must fall within the time frames established in the Regulation.
Claim number	Comments
2966332	Contact with insured about her reported injuries and PIP application were not within the prescribed 10 business day time frame.
2973476	Company did not respond within 10 business days to the insureds correspondence.

WAC 284-30-360(1)-(4) Claims Standard # 4	Responses to correspondence must fall within the time frames established in the Regulation.
Claim number	Comments
2934821	Company did not respond to a subrogation notice within the prescribed 10 business day timeframe.

WAC 284-30-370 Claims Standard #5	Companies must complete their investigation unless there is reason that this cannot be accomplished within 30 days.
Claim number	Comments
3045086	The file contained evidence of unnecessary delays in completing the investigation.
3303580	Delay in determination of coverage
2594626	File does not meet company's internal standards for investigation.
2973476	Delay in determination and payment of PIP benefits.

WAC 284-30-380 Claims Standard #6	The Companies must accept or deny a claim within 15 days of receipt of a proof of claim form.
Claim number	Comments
3117591	The log notes indicated that coverage would be denied. The denial letter was not sent until 3 months later.

WAC 284-30-390 Claim Standard #7	First party total loss settlements must be prompt, equitable, and include all taxes and fees.	
Claim number	Comments	Premium Returned
2830592	Vehicles were used in vendor's total loss evaluation that were located outside the local market area. 100 miles away from Yakima.	
2764161	Vehicles were used in the vendor's total loss evaluation that were not the same make as the insured and were located as far as 220 miles away from the insured.	
2917320	Pro-rated license fees and transfer fees were not included in the total loss settlement.	$38.00
2451608	Vehicles were used in vendor's total loss evaluation that were located outside the local market area. (135 miles away from Vancouver/Longview area.)	
2835848	Pro-rated license fees and transfer fees were not included in the total loss settlement.	$22.00
2629661	Sales tax and license fees were not included in the total loss settlement.	$276.74
Claim number	Comments	Premium

WAC 284-30-390 Claim Standard #7	First party total loss settlements must be prompt, equitable, and include all taxes and fees.	
		Returned
2832587	Vehicles were used in vendor's total loss evaluation that were located outside the local market area. (77 miles and a ferry ride away from Bellingham.)	
2973476	Vehicles were used in vendor's total loss evaluation that were located outside the local market area. Local vehicles were available for comparison.	

WAC 284-30-395 General Exam Standard #8	PIP applicants must be advised under what situations a company can deny, limit or terminated PIP benefits.
Claim Number	**Comments**
3002646	PIP form letter (119111 Ed 8-95) does not comply with the requirements of the code because it does not include all the reasons the company might terminate, limit or deny benefits.
2973476	Company denied benefits without obtaining medical information to support decision.

APPENDIX 6

RCW 48.05.190 General Exam Standard # 2	Insurers will conduct their business in their own legal name.
Commercial Underwriting	Comment
BO521459	Certificates of Insurance identify the insurer as Unigard Insurance Group. The insurer is Unigard Indemnity Company.
BA613115	Certificate of Insurance identifies the insurer as Unigard Insurance Group. The insurer is Unigard Insurance Company.
CM003239	Letter to insured references Unigard Insurance Company. The insurer is Unigard Indemnity Company
Claim number	Comment
2842891	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2973476	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2531567	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2684333	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2894201	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identifies wrong insurer.
3036657	Letters done on generic Unigard letterhead or identify the wrong insurer.
2877345	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2684110	Letters done on generic Unigard letterhead or identify the wrong insurer.
2661554	Letters done on generic Unigard letterhead or identify the wrong insurer.
2811078	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
3037831	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
3041488	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2894106	Letters done on generic Unigard letterhead or identify the wrong insurer. Release identified the wrong insurer.
2857388	Letters done on generic Unigard letterhead or identify the wrong insurer.
2965425	Letters done on generic Unigard letterhead or identify the wrong insurer.
2851705	Medical authorization form identified the wrong insurer.
2680046	Letters done on generic Unigard letterhead or identify the wrong insurer.
2776935	Letters done on generic Unigard letterhead or identify the wrong insurer.
2851967	Letters done on generic Unigard letterhead or identify the wrong insurer.

2663700	Letters done on generic Unigard letterhead or identify the wrong insurer.
2888805	Letters done on generic Unigard letterhead or identify the wrong insurer.
3010658	Letters done on generic Unigard letterhead or identify the wrong insurer.
2962933	Letters done on generic Unigard letterhead or identify the wrong insurer.
2819652	Letters done on generic Unigard letterhead or identify the wrong insurer.